May 8, 2026

STRENGTHENING THE CANADA PUBLIC TRANSIT FUND

Written Submission to the Standing Committee on Finance

2026 Pre-Budget Consultations in Advance of the Federal Budget

Société de transport de Montréal (STM)

Toronto Transit Commission (TTC)

TransLink

Recommendations

Canada's largest transit systems, the Société de transport de Montréal (STM), Toronto Transit Commission (TTC) and TransLink jointly propose the following recommendations to the Standing Committee on Finance regarding Budget 2026:

1. Restore at minimum the full $30 billion in funding over 10 years for the Canada Public Transit Fund.

2. Accelerate and streamline CPTF transit funding approvals for delivery ready projects.

3. Preserve the value and continuity of the Canada Public Transit Fund by indexing to annual inflation and ensuring the annual $3 billion commitment flows in 2037 and beyond.

Introduction

Transit is essential to keeping the economy moving and life affordable. The Société de transport de Montréal (STM), Toronto Transit Commission (TTC) and TransLink enable mobility in Canada's three largest cities. Together our public transit systems:

- Provided over one billion trips in 2025.
- Delivered affordable mobility via systems accessible to 1 in 5 Canadians.
- Enabled productivity in regions that generate nearly 40% of national GDP; and
- Employed a combined 37,000+ people directly, while supporting job creation Canada wide.

Public transit is essential national economic infrastructure. Urban transportation networks cannot absorb the capacity required if Canada's large public transit systems were unable to continue providing the services relied upon today. Federal investment enables transit systems to move workers efficiently, enhance affordability, reduce the costs of congestion, and improve productivity. It also supports thousands of jobs across construction, engineering, manufacturing, and operations, generating significant economic returns for every dollar invested.

Transit is also central to addressing Canada's housing affordability crisis. Intergovernmental coordination can ensure transit investment aligns with housing development, enabling higher density communities while reducing household transportation costs, often one of the largest expenses for Canadians.

The Canada Public Transit Fund (CPTF) intended to provide predictable, long term capital funding and to address decades of chronic underinvestment in our transit systems. The $5 billion reduction to the CPTF announced in Budget 2025 risks widening the infrastructure gap at a time when demand for transit state of good repair investment and expansion is critical. With CPTF funding set to flow in 2026, Budget 2026 is an opportunity for the government to reinforce its leadership by strengthening the program's scale and certainty.

By strengthening its commitment to public transit, the federal government can unlock economic growth, ensure affordability for Canadians, and meet climate goals. Predictable and sustainable transit investment is essential to Canada's national prosperity.

Quick Facts:

1 billion public transit trips avoids 250,000–350,000 tonnes of greenhouse gas emissions, equivalent to taking 75,000–100,000 cars off the road for a year.

Every $1 billion invested in public transportation generates $5 billion in economic value. (APTA, 2026)

Traffic congestion in Canada's three largest urban economies—Toronto, Montréal, and Metro Vancouver—now costs more than $50 billion annually.

Recommendation 1: Restore at minimum the full $30 billion in funding over 10 years for the Canada Public Transit Fund.

When the CPTF was announced in 2021, the transit sector indicated the $30 billion funding envelope would be insufficient to address decades of underinvestment in Canada's public transit systems. The CPTF is important and long-awaited, however more needs to be done to bring Canada's approach to national public transit investment on par with most other G7 countries.

Combined, our three systems alone have ***unfunded capital needs of over $50 billion in the next 10 years*** identified in our respective long range capital plans. This includes:

- $21.3 billion – TTC base needs (excluding expansion projects)
- $12.9 billion – STM base needs (excluding expansion projects)
- $20 billion – TransLink (Access for Everyone Plan)

For example, TransLink's current 10-year CPTF commitment of $2.1 billion (Baseline and Metro-Region Agreement) covers less than 15% of the currently proposed $13–15 billion in Phase One Access for Everyone (AFE) projects. This leaves no CPTF funding available for the remaining AFE projects planned after 2027.[1] The TTC has fully committed its Baseline Funding allocation of $1.16 billion over the next 10 years to high priority fleet replacement. While impactful and appreciated there are still substantial state-of good repair requirements, including addressing growth needs that require a source of funding to keep up with demand.

The $5 billion reduction to the CPTF, a 17% cut in dedicated transit funding through Budget 2025 and the resulting uncertainties regarding the Program, represent a setback for transit systems with a ready pipeline of projects which can support local jobs and the economy. It also generates uncertainty for private-sector companies in the domestic supply chain, reliant on public transportation contracts from across Canada, leading them to postpone or reduce investment or hiring. All transit partners have been united in our advocacy, notably through submissions to Bill C-15 by Canadian Urban Transit Association (CUTA) and our agencies.

STM, TTC and TransLink request the full restoration of the $30 billion dedicated public transit funding by reversing the $5 billion cut to the CPTF.

[1] Transit Capital Investment Comparator Report. TransLink, November 2025

Recommendation 2: Accelerate and streamline CPTF transit funding approvals for delivery ready projects.

STM, TTC and TransLink recommend the federal government accelerate approvals for systems ready to proceed with procurement and construction, while modernizing the funding framework to support effective and timely project delivery. Major transit projects in Canada's largest metropolitan areas are ready to advance but are constrained by delays in federal funding approvals. Concurrently, program design and administrative complexity risk slowing project delivery, creating delays, and driving up costs. The federal government can demonstrate its ability to catalyze meaningful project outcomes for CPTF projects by:

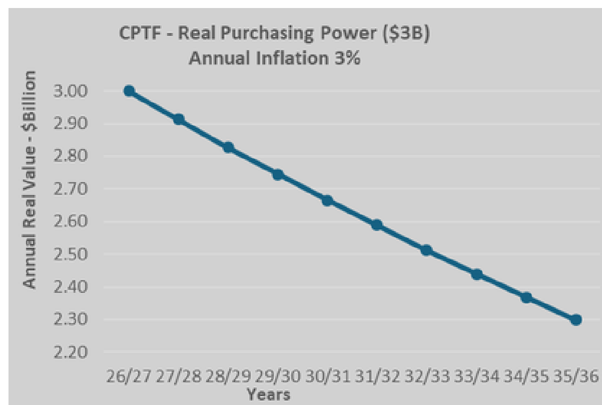
- Accelerating approvals to ensure planned projects move forward without delay and that mobility, economic, and climate benefits are realized;
- Reducing unnecessary administrative requirements and maintaining procurement flexibility so that transit agencies can deliver projects on schedule while maximizing public value; and
- Providing greater certainty through proven program design such as the CPTF Baseline Funding stream, to enable transit agencies to plan with confidence and deliver projects more efficiently.

This approach will ensure investments translate into faster delivery, stronger economic returns, and improved service for Canadians. In this regard, the continued absence of an intergovernmental agreement between the governments of Québec and Canada is preventing the STM, along with other public transit agencies in Québec, from accessing funding under the CPTF.

Recommendation 3: Preserve the value and continuity of the Canada Public Transit Fund by indexing to inflation and ensuring the annual $3 billion commitment flows in 2037 and beyond.

The CPTF's fixed nominal value of $3 billion annually, should it be restored, is at significant risk of erosion over time. Since inception of the CPTF in 2021, supply chain pressures, labour shortages and rising construction costs have significantly eroded its real value by over 30%.[2] ***It is recommended the CPTF include an automatic annual escalator tied to inflation and construction costs.***

Without automatic indexation, the purchasing value will decline annually and widen the investment gap. For example, assuming an inflation rate of 3% per year from 2026, annual real value is estimated at $2.3 billion by year 10, with a cumulative shortfall of approximately $3.7 billion over the decade. This can result in delayed procurements and project deferral in the latter years of the CPTF. Indexation will help to maintain the value of the CPTF, provide certainty to transit agencies and the market, and mitigate procurement and supply chain risks. Further, it preserves the intent and impact of the CPTF without the need for future ad hoc funding to offset declining purchasing power.



The CPTF was meant to be a permanent funding program, shifting towards predictable, long-term funding beyond the initial 10-year investment period. Through Budget 2026, Canada's large transit systems ***recommend the extension of CPTF by adding the annual $3 billion allocation in 2037, and ongoing***, to ensure the CPTF becomes a true permanent transit fund as intended.

Enhanced and sustained investment is essential to maintain long-term predictability for the industry, while unlocking opportunities to invest in Canadian manufacturing of transit vehicles and strengthen the construction industry and related businesses. This also supports intergovernmental coordination for cost-shared public transit investments. Providing visibility into longer term federal funding supports government partners with budgeting and investment planning.

[2] Statistics Canada, Building construction price indexes, by type of building and division, Table: 18-10-0289-01.

The Need for Sustained Investment

Our transit systems are ready to deliver capital projects that will create thousands of Canadian jobs, support housing density, and help to achieve federal government priorities.

Over the next 10–15 years, STM, TTC and TransLink require sustained investments to minimize the risk of service decline, increased congestion and economic losses.

Montreal's metro network is grappling with a growing $7 billion deferred asset maintenance investment deficit, with now 46% of its infrastructure rated in poor condition. **STM's** 2026-2035 Capital Investment plan to address this situation outlines a total of $35.3 billion in capital spending, of which $24.1 billion is planned for the next 10 years. It is a cautious capital-spending plan that focuses on modernizing STM's network and its assets by ensuring state of good repair, replacing its 50-year-old rolling stock, modernizing the associated Train Maintenance and Storage Facility, improving its operational efficiency with a new train control, improving universal access, extending the Blue Line and transitioning the bus fleet to zero emissions. Of the total $35.3 billion, $22.6 billion is currently unfunded. These investments are critical to preserve and improve system performance, safety, and reliability.

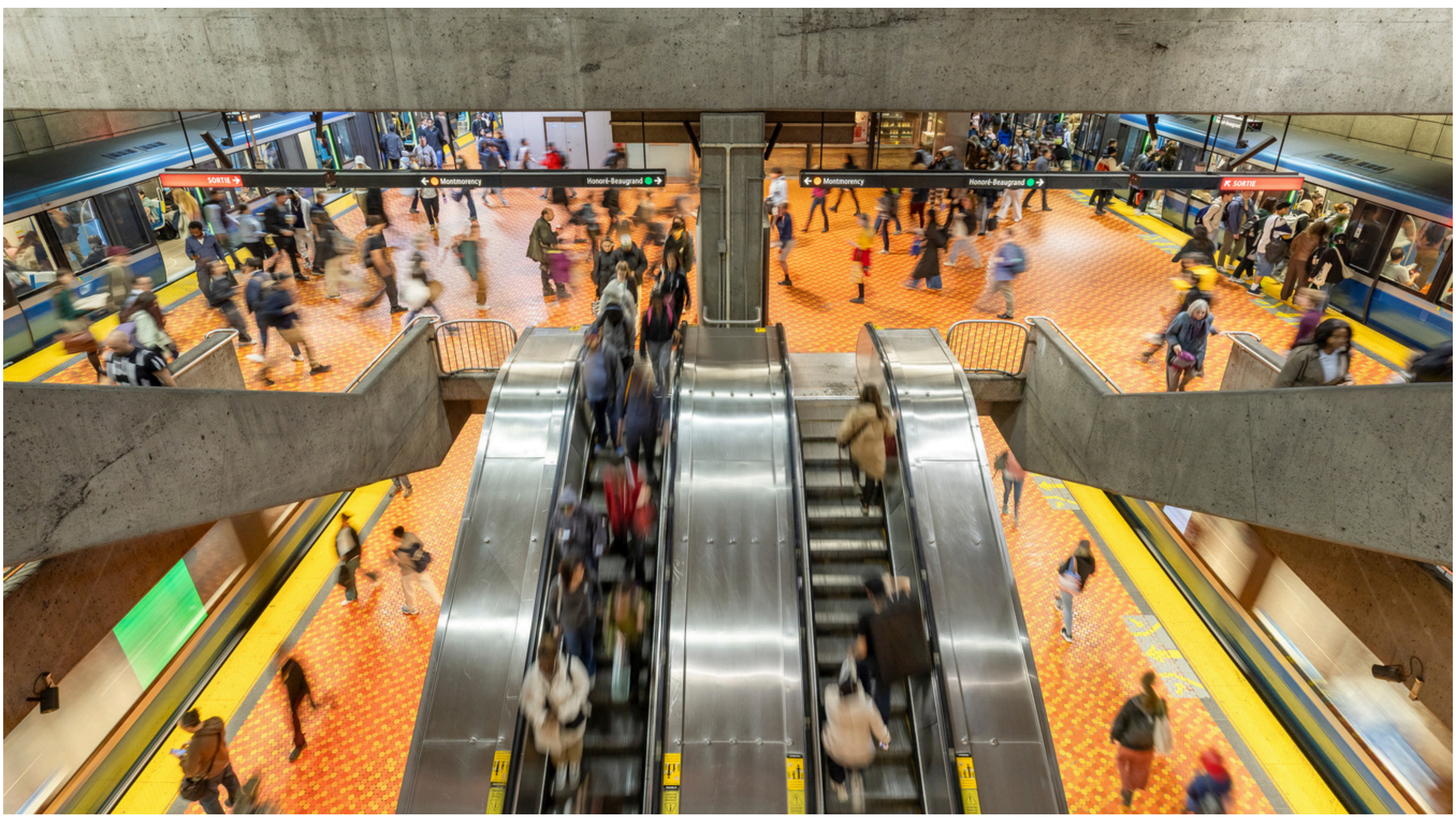
The **TTC's** 2026-2040 Capital Investment Plan identifies a total of $53.99 billion in capital requirements over 15 years, of which 69% or $37.33 billion remains unfunded. The Plan prioritizes state-of-good-repair projects and initiatives that expand capacity to accommodate growth. Within the immediate 10-year window, unfunded requirements total $21.31 billion. Based on the University of Toronto's Mobility Network economic model, the 2026-2035 Capital Budget and Plan is estimated to contribute $17 billion in gross domestic product, $41.3 billion in economic activity and almost 250,000 jobs. The 2026 Capital Budget alone is estimated to generate $4.3 billion in economic activity and nearly 26,000 jobs across Canada. Matching intergovernmental funding is being sought through the CPTF for additional Line 1 subway trains to support increased demand and an associated Train Maintenance and Storage Facility with estimated combined cost of over $4.6 billion. Without this investment, the target of 100-second headways in the AM peak at the opening of the Yonge North Subway Extension, projected for 2035, with a projected 11% increase in peak point demand, is not achievable and the Line will experience overcrowding and unsafe operating conditions. The TTC also requires funding to replace aging rolling stock and support the full transition to net a zero-emissions fleet.

TransLink has developed its 10-year capital plan, Phase one of the Access for Everyone (AFE) Plan, which identifies $13.3 billion in investments to expand and modernize the region's transit system. This includes fleet expansion (175 new buses, 110 SkyTrain cars, and one SeaBus), the delivery of the region's first Bus Rapid Transit network, upgrades to bus depots and stations, the Burnaby Mountain Gondola, a new SkyTrain Operations Centre, and planning for future rapid transit projects such as the UBC extension. While recent federal commitments through the Baseline and Metro-Region Agreement total $2.19 billion, the Canada Public Transit Fund's 10-year allocation of approximately $2.1 billion represents just 15% of the full plan. This marks a decline from the $4.1 billion in federal funding provided between 2016 and 2024, creating a significant funding gap that risks delaying critical projects as Metro Vancouver's transit needs continue to grow.

Conclusion

Transit is central to national priorities, including labour market access, housing and urban development, emissions reduction, congestion relief, and affordability. The federal government has an opportunity to be a nation builder through sustained investment in public transit that improves economic opportunity, productivity, and quality of life.

The Canada Public Transit Fund is a transformational step toward permanent, predictable funding, but failing to preserve and refine it risks declining service, delayed capital projects, higher costs, slower housing growth, and lost economic output. Through implementation of the recommendations in Budget 2026, the federal government can reinforce its leadership and maximize the benefits of transit investment for Canadians and the national economy.



About

The STM operates, maintains and develops an integrated métro and bus network with four lines that serve 68 stations and cover 71 kilometres of underground tunnels in Montreal.

The TTC is a City of Toronto agency that is the largest public transit system in Canada. Its network of bus, Wheel-Trans, streetcar, and subway services are within a 5-minute walk for 90% of Toronto’s population and employment.

TransLink is responsible for planning, financing and managing transportation modes and services in the Metro Vancouver region, connecting the region by bus, train, and ferry.